

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 AGR-20 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 DODE-00 PM-07

H-03 L-03 NSC-07 PA-04 PRS-01 SS-20 USIA-15 FEA-02

SCI-06 INT-08 STR-08 DRC-01 /196 W

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 1310

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E.O. 11652: N/A

TAGS: EAGR, ECON, TH

SUBJ: RTG CABINET DECISIONS REGARDING RICE

REF: BANGKOK 3734

BEGIN UNCLASSIFIED. AS PM SANYA RECENTLY PROMISED RICE FARMERS PROTESTING LOW SELLING PRICE FOR PADDY RICE (REFTTEL), RTG CABINET ON MARCH 5 ADDRESSED FARMERS' GRIEVANCES. ALTHOUGH CABINET DID NOT AGREE TO MEET PRINCIPAL REQUEST OF FARMERS THAT RTG PURCHASE RICE STOCKS AT 3,000 BAHT (20.25 BAHT-US\$1) PER METRIC TON ON GROUND THAT SUCH WOULD REQUIRE A LARGE BUDGET, STORAGE FACILITIES, MILLS AND ADDED GOVERNMENTAL MANPOWER, IT DID ANNOUNCE VARIOUS MEASURES IT INTENDS TO TAKE DESIGNED TO AID RICE FARMERS AND AGRICULTURAL SECTOR IN GENERAL. THESE MEASURES INCLUDED, AMONG OTHERS:

A. FIXING A FAIR PRICE FOR PADDY RICE (ALTHOUGH NO PRICE HAS BEEN FIXED SO FAR),

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B, SUPPORTING AGRICULTURAL COOPERATIVES IN THE

FORM OF LONG-TERM LOANS FOR RICE SILO AND RICE MILL CONSTRUCTION, THUS ENABLING THEM TO BUY RICE DIRECT FROM THE FARMER,

C. SUPPORTING AGRICULTURAL INSTITUTIONS ORGANIZED TO HANDLE THE RICE EXPORT TRADE,

D. DEVISING APPROPRIATE MEASURES TO PREVENT FUEL SHORTAGES FOR AGRICULTURE AND FISHERIES AND SEEKING MEANS TO PROVIDE FERTILIZERS AT REASONABLE PRICES,

E. INCREASING THE AMOUNT OF LOANS TO FARMERS BY THE BANK OF AGRICULTURAL COOPERATIVES, AND ESTABLISHING A SPECIAL FUND FOR THE PROMOTION OF ACCELERATED PRODUCTION OF MAIZE, SOYBEANS, CATTLE, ETC.

F. DRAFTING A LAND REFORM BILL WHICH WOULD INCREASE LAND OWNERSHIP BY FARMERS,

G. ESTABLISHING AN OFFICE OF ANIMAL FEED FUND TO DEVISE APPROPRIATE MEASURES TO ENSURE FAIRNESS OF SUPPLY TO BOTH LIVESTOCK RAISERS AND FISHERMEN) (FISHERMEN WANT GREATER FREEDOM TO EXPORT FISH MEAL TO THE MORE PROFITABLE WORLD MARKET AND POULTRY RAISERS WANT AN EMBARGO ON EXPORTS TO HELP MAINTAIN DOMESTIC SUPPLIES AND KEEP PRICE LOW).

BANGKOK POST MARCH 8 REPORTED THAT LOW INCOME CONSUMERS WERE HAVING TO WAIT INCREASINGLY LONG PERIODS TO BUY RICE AT GOVERNMENT FIXED PRICE WHICH IS CONSIDERABLY BELOW FREE MARKET PRICE. END UNCLASSIFIED.

2. INASMUCH AS THE RTG DID NOT MEET THE FARMERS' PRIMARY DEMAND THAT IT BECOME THE PURCHASER OF PADDY RICE TO GUARANTEE A HIGHER PRICE, IT IS TOO EARLY TO DETECT WHETHER THE CABINET MEASURES, WHICH FALL UNDER THE GENERAL CATEGORY OF "INTENTIONS", WILL SATISFY THE RICE FARMERS. REFTEL IN ERROR IN IMPLYING THAT RTG RESPONSIBLE FOR INCREASE IN RICE PRICE TO FARMERS FOLLOWING PROTEST MEETING. NOT YET CLEAR WHAT CAUSED PRICE INCREASE BEYOND WILLINGNESS OF RICE BUYERS TO PAY HIGHER PRICE, PRESUMABLY TO LIMITED OFFICIAL USE

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ENCOURAGE MORE RICE TO MARKET.

3. CHIEF OF FOREIGN TRADE DEPARTMENT IN MINISTRY OF COMMERCE TOLD EMBASSY OFFICER MARCH 6 THAT CONTINUED UPWARD MOVEMENT OF DOMESTIC RICE PRICES BECOMING A SERIOUS PROBLEM TO HIS MINISTRY. SAID THAT PRESSURE BEING REGISTERED EVEN IN GOVERNMENT CONTROLLED SHOPS SELLING AT A FIXED PRICE. SAME DEVELOPMENT OCCURRED IN SUMMER OF 1973 EVEN THOUGH

THEN, AS NOW, THERE WERE ADEQUATE SUPPLIES OF RICE IN THE COUNTRY. HE EXPECTED SOON THAT THE RTG WOULD BE FORCED TO UTILIZE EXPORT PREMIUMS TO SUBSIDIZE PRICES TO THE FARMER AND STABILIZE COSTS TO THE CONSUMER. NOW NOT LEGALLY POSSIBLE TO USE EXPORT PREMIUM FOR SUCH PURPOSE BECAUSE THESE MONIES MUST GO TO GENERAL REVENUE.
KINTNER

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